ADMINISTRATIVE TRIBUNALS SUPPORT SERVICE OF CANADA
Quarterly Financial Report
For the quarter ended June 30, 2017

Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Programs

Introduction

This quarterly financial report has been prepared as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This report should be read in conjunction with the 2017-18 Main Estimates and Supplementary Estimates (A). This quarterly report has not been subject to an external audit or review.

The Administrative Tribunals Support Service of Canada (ATSSC) is responsible for providing support services and facilities to 11 federal administrative tribunals by way of a single, integrated organization.

These services include the specialized services required by each tribunal (e.g. registry, research and analysis, legal and other mandate or case activities specific to each tribunal), as well as internal services (e.g., human resources, financial services, information management and technology, accommodations, security, planning and communications).

Further information on the mandate, roles, responsibilities and programs of the ATSSC can be found by accessing the 2017-18 Main Estimates.

Basis of Presentation

This quarterly report has been prepared using an expenditure basis of accounting. The accompanying Statement of Authorities includes the ATSSC's spending authorities granted by Parliament and those used by the ATSSC, consistent with the Main Estimates and the Supplementary Estimates for the 2017-18 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before money can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

When Parliament is dissolved for the purposes of a general election, section 30 of the *Financial Administration Act* authorizes the Governor General, under certain conditions, to issue a special warrant authorizing the Government to withdraw funds from the Consolidated Revenue Fund. A special warrant is deemed to be an appropriation for the fiscal year in which it is issued.

The ATSSC uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

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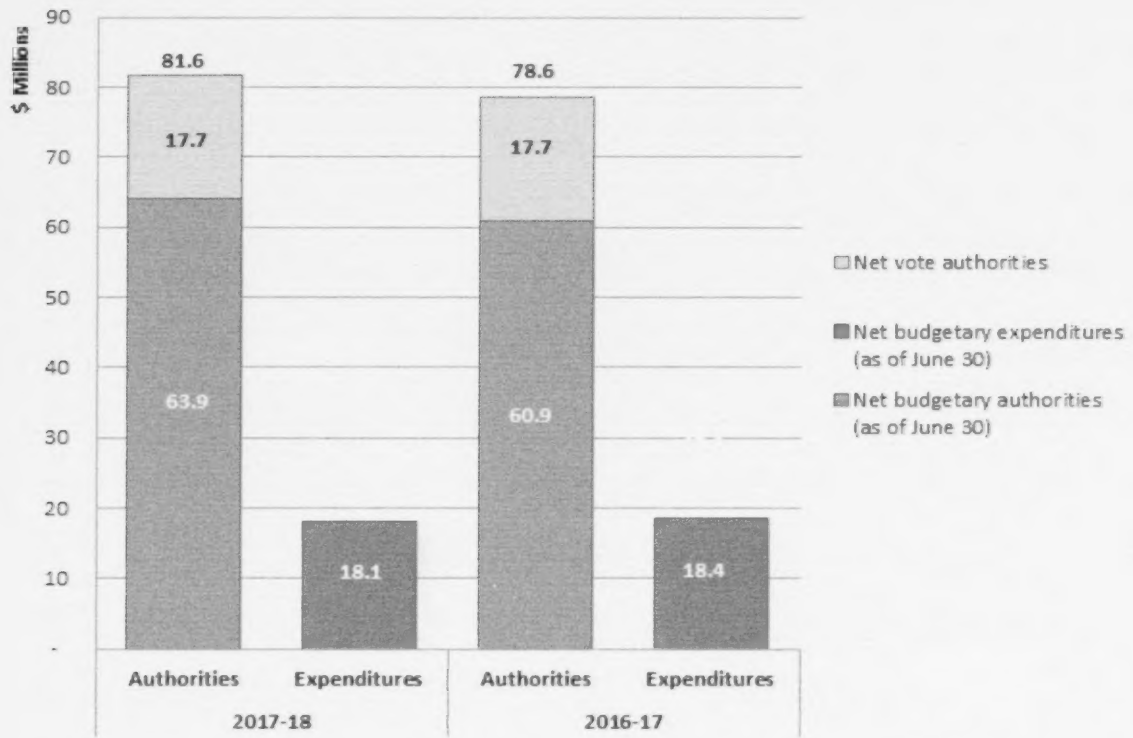
Highlights of Fiscal Quarter and Fiscal Year to Date (YTD) Results

The ATSSC's financial structure is mainly composed of voted budgetary authorities namely, Vote 1—Program expenditures and vote-netted revenue authority, as well as statutory authorities for contributions to employee benefit plans.

For the period ending June 30, 2017, the ATSSC had total authorities of $81.6 million, including budgetary authorities of $63.9 million and vote-netted revenue (VNR) of $17.7 million. Budgetary authorities include an amount of $61 million from the Main Estimates, and $2.9 million from the Supplementary Estimates (A). The VNR gives the ATSSC authority to make recoverable expenditures on behalf of the Canada Pension Plan and the Employment Insurance Operating Account. Presented in Graph 1 below are the gross and net budgetary authorities and expenditures for the first quarter of 2017-18. For more details, refer to the Statement of Authorities.

Graph 1: Comparison of budgetary authorities and expenditures for the first quarter ended June 30, 2017, and June 30, 2016.



The ATSSC expended $18.1 million (22% of total authorities) in the first quarter of 2017-18. The majority of expenditures relate to personnel, which totaled $15.8 million (87% of gross expenditures). The remaining 13% primarily comprises of rentals (mainly software licenses), professional and special services (mainly consulting services and translation costs) and transportation and communications (mainly travel costs).

Significant Changes to Authorities

(Please refer to the Statement of Authorities table)

As of June 30, 2017, the total budgetary authorities available for use for the year increased from $60.9 million in 2016-17 to $63.9 million in 2017-18. This increase is mainly due to the reprofiling of funding from 2015-16 over and above the operating budget carry-forward that will serve towards office space consolidation and modernization as well as a reduction of the ATSSC's statutory authority to cover the expenditures related to Employee Benefit Plans.

Significant Changes to Expenditures

(Please refer to the Departmental Budgetary Expenditures by Standard Object table)

Expenditures for the Quarter

First quarter gross budgetary expenditures decreased slightly from $18.4 million in 2016-17 to $18.1 million in 2017-18. The distribution of expenditures by Standard Object for the first quarter of 2017-18, as per the Departmental Expenditures by Standard Object table below, saw an important decrease in "Other subsidies and payments," which in previous years accounted for advance payments issued to Employment and Social Development Canada (ESDC) for the administration of the Social Security Tribunal. As of April 1, 2017 advance payments are no longer issued as the ATSSC has assumed all financial management and procurement responsibilities for the SST.

Risks and Uncertainties

The ATSSC has identified three key risks and responses for 2017-18.

As the caseload depends on external factors, it is often challenging for tribunals to predict their operational demands from year to year. There is a risk that caseload surges or other unexpected tribunal-specific operational demands could challenge the ATSSC's ability to provide the support services the tribunals require to fulfill their mandates. While the caseload is beyond the tribunals' control, strategies will be developed to address circumstances where tribunals face higher than expected demands. Emerging trends are being monitored to determine the potential impact on caseloads, legislative changes are being monitored to assess the impact on ATSSC resources, and budgets and allocations are monitored closely to appropriately reallocate resources if and where required.

There is also a risk that the ongoing change agenda both within the ATSSC and across government will challenge the organization's resiliency. Senior management will champion change, foster a culture of leadership at all levels and promote employee well-being. As well, the ATSSC will work closely with its partners, including tribunals, central agencies and departments, to synchronize the changes ahead so that resources are well positioned to implement and support change initiatives.

Lastly, the ATSSC must maintain appropriate delivery capacity to meet the mandates and the evolving needs and priorities of the tribunals it serves. The ATSSC is in the process of developing a corporate policy framework and a multi-year implementation strategy taking into account identified gaps, risks and priorities.

The ATSSC supports 11 tribunals with different mandates, each operating under different statutes, regulations and policies. The risks identified are in keeping with those of a recently formed organization

that is tasked with delivering existing support services while also seeking to improve its service delivery model. As the ATSSC continues to evolve and build organizational capacity, it will strive to meet its goal of being recognized as a centre of excellence for service delivery; innovative, efficient and effective operations; and improved access to justice.

Significant Changes in Relation to Operations, Personnel and Programs

There has been no significant change to the programs or structure since the ATSSC was established on November 1, 2014. The Social Security Tribunal continues to be partially supported by ESDC as its transition to the ATSSC is still ongoing.

Approval by Senior Officials

Approved by:

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Marie-France Pelletier, Chief Administrator
Ottawa, Canada
August 25, 2017

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Luc Robitaille, Director General and Chief Financial Officer
Corporate Services

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Statement of Authorities (unaudited)

(in dollars)

	Fiscal year 2017-18			Fiscal year 2016-17		
	Total available for use for the year ending March 31, 2018 *	Used during the quarter ended June 30, 2017	Year to date used at quarter end	Total available for use for the year ending March 31, 2017 *	Used during the quarter ended June 30, 2016	Year to date used at quarter-end
Vote 1— Program expenditures	72,976,474	15,980,008	15,980,008	69,224,384	16,145,948	16,145,948
Less: Revenues netted against expenditures	(17,690,600)	-	-	(17,690,600)	-	-
Net Program expenditures	**55,285,874**	**15,980,008**	**15,980,008**	**51,533,784**	**16,145,948**	**16,145,948**
Budgetary statutory authorities	8,657,629	2,097,806	2,097,806	9,413,110	2,286,293	2,286,293
Total Budgetary authorities	**63,943,503**	**18,077,814**	**18,077,814**	**60,946,894**	**18,432,241**	**18,432,241**

** Includes only Authorities available for use and granted by Parliament at quarter-end.*

Departmental Budgetary Expenditures by Standard Object (unaudited)

(in dollars)

	Fiscal year 2017-18			Fiscal year 2016-17		
	Planned expenditures for the year ending March 31, 2018	Expended during the quarter ended June 30, 2017	Year to date used at quarter end	Planned expenditures for the year ending March 31, 2017	Expended during the quarter ended June 30, 2016	Year to date used at quarter-end
Expenditures:						
Personnel	63,436,938	15,846,506	15,846,506	63,922,400	15,889,623	15,889,623
Transportation and communications	3,922,308	519,051	519,051	3,019,068	478,003	478,003
Information	763,549	240,966	240,966	504,948	46,039	46,039
Professional and special services	8,313,656	530,710	530,710	7,190,216	819,326	819,326
Rentals	1,962,740	564,658	564,658	1,692,358	392,643	392,643
Repair and maintenance	273,612	42,682	42,682	468,223	583	583
Utilities, materials and supplies	806,498	277,766	277,766	427,784	93,311	93,311
Acquisition of machinery and equipment	1,871,415	49,391	49,391	1,412,497	45,699	45,699
Other subsidies and payments	283,386	6,086	6,086	-	667,014	667,014
Total gross budgetary expenditures	**81,634,102**	**18,077,814**	**18,077,814**	**78,637,494**	**18,432,241**	**18,432,241**
Less Revenues netted against expenditures:						
Revenues	(17,690,600)	-	-	(17,690,600)	-	-
Total Revenues netted against expenditures:	**(17,690,600)**	-	-	**(17,690,600)**	-	-
Total net budgetary expenditures	**63,943,502**	**18,077,814**	**18,077,814**	**60,946,894**	**18,432,241**	**18,432,241**